

REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
UNITED STATES ARMY TANK - AUTOMOTIVE AND ARMAMENTS COMMAND
1 ROCK ISLAND ARSENAL
ROCK ISLAND, ILLINOIS 61298-7830

02 APR 2001

Section B - M60/M1A1 Contracting

PEI Electronics Inc
110 Wynn Drive
Huntsville AL 35807-0929

Gentlemen:

The United States of America, acting through the Contracting Officer, hereby issues a letter notice of award, DAAE20-98-G-0004, Delivery Order 0038, for acquisition of 77 each Embedded Diagnostics Personality Systems and associated spares. There is a 100% option associated with this award that may increase the total quantity to 154 each. This option will remain valid for 180 days after award.

This letter constitutes a contract on the terms set forth herein and signifies the execution by the Department of the Army of a Firm Fixed Price Delivery Order for the delivery of hardware as set forth in the Basic Ordering Agreement and Attachment A of this letter, upon the terms and conditions therein stated, which is incorporated in and made a part hereof.

You are directed in accordance with the clause entitled "Execution and Commencement of Work" to proceed immediately to commence performance of the work, and to pursue such work with all diligence to the end that the supplies may be delivered or services performed within the time specified in Attachment A, or if no time is so specified at the earliest practicable date.

In accordance with the clause entitled "Contract Definitization", you shall submit a firm proposal for the articles and services covered by this letter. Your proposal shall be supported by a cost breakdown reflecting the price factors outlined in the suggested format enclosed, and any other information specified herein.

Please indicate your acceptance of the foregoing by signing this letter and returning it to this office.

This contract is entered in pursuant to 10 USC 23304(c) (1) and any required justification and approval has been executed.

Sincerely,

Suzanne C. Yackley
Suzanne C. Yackley
Contracting Officer

Executed on the date shown below:

By: *Sandy P. Smith* VP PROGRAMS

(type above, name and position of person executing this acceptance)

Date: *4/12/01*

ATTACHMENT A
LETTER CONTRACT

DAAE20-98-G-0004
Delivery Order 0038

BETWEEN

UNITED STATES ARMY
TANK AUTOMOTIVE AND ARMAMENTS COMMAND
ROCK ISLAND

AND

PEI Electronics Inc
110 Wynn Drive
Huntsville AL 35807-0929

1. This is an award of 77 each Embedded Diagnostics Personality Systems and associated spares.. The total ceiling price for the basic quantity is \$ 4,250,213.06, subject to downward negotiation only.

2. Limitation of Government Liability – FAR 52.216-24

- (a) In performing this contract, the Contractor is not authorized to make expenditures or incur obligations exceeding \$2,125,106.53.
- (b) The maximum amount for which the Government shall be liable if this contract is terminated is \$2,125,106.53.

3. This award is funded at 50% of the ceiling price or \$2,125,106.53. Upon definitization, the contract will be funded to the actual amount not to exceed the ceiling price of \$ 4,250,213.06.

4. Contract Definitization – FAR 52.216-25

(a) A firm fixed price definitive contract is contemplated. The contractor agrees to begin promptly negotiating with the Contracting Officer the terms of a definitive contract that will include (1) all clauses required by the Federal Acquisition Regulation (FAR) on the date of execution of this letter contract, (2) all clauses required by law on the execution of the definitive contract and (3) any other mutually agreeable clauses terms and conditions. The Contractor agrees to submit a firm fixed price proposal and cost pricing data supporting its proposal. The schedule for definitizing this contract is:

| | |
|--------------------------------|-----------|
| Submission of Firm Proposal | 30 Apr 01 |
| Beginning of Negotiations | 30 May 01 |
| Target date for Definitization | 30 Jul 01 |

(b). If the agreement on a definitive contract to supersede this letter is not reached by the target in paragraph (a) above, or within any extension of it granted by the Contracting Officer, the Contracting Officer may, with the approval of the head of the contracting activity, determine a reasonable price of fee in accordance with the Subpart 15.8 and part 31 of the FAR, subject to contractor appeal as provided in the Disputes clause. In any event, the contractor shall proceed with completion of the contract, subject only to the Limitation of Government Liability clause.

(1) After the Contracting Officer's determination of price or fee, the contract shall be governed by -

(i) All clauses required by the FAR on the date of execution of this letter contract for either fixed-price or cost reimbursement contracts, as determined by the Contracting Officer under this paragraph (c);

(ii) All clauses Contracting Officer required by the law as of the date of the Contracting Officer's determination; and

(iii) Any other clauses , terms and conditions mutually agreed upon.

(2) To the extent consistent with subparagraph (c) (1) above, all clauses, terms, and conditions included in this letter contract shall continue in effect, except those that by their nature apply only to a letter contract.

6. Execution and Commencement of Work -- DFAR 52.216-23

The contractor shall indicate acceptance of this letter by signing one copy and returning to the Contracting Officer no later than 02 April 01. Upon acceptance by both parties, the contractor shall proceed with performance of work, including purchase of necessary materials.

7. Accounting and Appropriation Data:

CLIN 0001

77 each Embedded Diagnostics Personality Systems in support of M1A1 Abrams AIM re-manufacture

Acct Class: 21 01032035 0000 16X6X18P53800625FB S01021 W31G3H

AMS Cd: 538006

PRON: B013AD05D2M1

Obligated Amount: \$2,104,902.03

CLIN 0002

Embedded Diagnostics Personality System Associated Spares in support of M1A1 Abrams AIM re-manufacture

Acct Class: 21 01032035 0000 16X6X18P53800625FB S01021 W31G3H

AMS Cd: 538006

PRON: B013AD05D2M1

Obligated Amount: \$20,204.50

8. Government Furnished Material to be Provided:

N/A

9. Delivery Schedule:

TBD at a later date. Deliveries will occur in time to support M1A1 Abrams AIM re-manufacture